



State of New Jersey

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DEPARTMENT OF THE TREASURY
DIVISION OF INVESTMENT
P.O. BOX 290
TRENTON, NJ 08625-0290
Telephone (609) 292-5106
Facsimile (609) 984-4425

FORD M. SCUDDER
Acting State Treasurer

CHRIS MCDONOUGH
Director

August 1, 2016

Report to the New Jersey Legislature
pursuant to P.L. 2005, c.162
(Investments in Sudan)

Chapter 162 of the Public Laws of 2005 (the "Act") provides that no assets of any pension or annuity fund under the jurisdiction of the Division of Investment (the "Division") shall be invested in any foreign company with an equity tie to the government of Sudan or its instrumentalities and is engaged in business in or with the same. The provisions shall not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization. The Act requires that any investment held in violation of the provisions of the Act must be sold, redeemed, divested or withdrawn.

As previously reported, based upon advice of the Office of the Attorney General received in May 2011, the Division implements the Act in a way that is consistent with and does not conflict with the Sudan Accountability and Divestment Act of 2007 ("SADA"). More specifically, the Division limits divestment to companies engaged in business in the industry-specific categories (power production activities, mineral extraction activities, oil-related activities, and the production of military equipment) stated in SADA, with further exceptions also contained in SADA.

The Act requires that the Director of the Division annually file with the Legislature a report on all investments sold, redeemed, divested or withdrawn in compliance with the Act. The Act requires that each annual report provide a description of the progress made by the Division since the previous report and since the enactment of the Act in implementing the provisions of the Act.

The following chart summarizes all investments sold in compliance with the Act since our initial report; there were no required divestments since our last report. The pension and annuity funds did not hold securities of any companies on the prohibited list as of the date of this report.

Company	Sales August 1, 2005 through June 30, 2016 (a)	
	Shares/Par	Sales Proceeds (000's)
ABB Ltd. (b)	2,000,000	\$ 27,078
Alcatel-Lucent (debt) (b)	600,000	429
AstraZeneca PLC (b)	2,475,000	130,575
Bouygues SA	160,031	4,289
China Petroleum & Chemical Corp	17,525,630	17,655
Daihatsu Motor (b)	2,500,000	26,191
Deutsche Lufthansa AG (b)	4,000,000	72,212
Diageo PLC (b)	13,000,000	212,274
Ericsson (b)	61,500,000	268,366
Novartis AG (b)	3,500,000	198,160
Nestle SA (b)	700,000	204,282
PetroChina Co. Ltd.	87,329	9,545
Roche Holdings Ltd (b)	1,050,000	162,152
Royal Dutch Shell (b)	2,936,665	94,858
Schlumberger Ltd. (b)	3,876,200	284,569
SGS SA (b)	97,952	89,723
Schneider Electric	174,566	9,248
Siemens AG (b)	800,000	73,661
Sony Corp. (b)	1,283,400	58,881
Sumitomo Corp (b)	1,700,000	24,545
Syngenta AG (b)	1,000,000	70,623
Total SA (b)	591,324	164,414
	<u>121,558,097</u>	<u>\$2,203,730</u>

(a) This chart only includes sales occurring while the Company was on the prohibited list.

(b) Company is not on the prohibited list as of the date of this report.

In accordance with the provisions of the Act, the State Investment Council and the Director of the Division continue to review the recommendations of, and consult with, an independent research firm (currently IW Financial) that specializes in global security risk for portfolio determinations. Since our last report, the list of companies identified as being ineligible for investment has been revised based upon research updates received from the independent research firm.

As of the date of this report, the Division, in conjunction with its independent research firm, has identified the following companies that will not be eligible for investment by the pension and annuity fund portfolios: Alstom S.A., Alstom India Ltd, Anton Oilfield Services Group, ASEC Company for Mining, Bharat Heavy Electricals Ltd, Bouygues SA, China Gezhouba Group Company Ltd, China Petroleum & Chemical Corp., Citadel Capital Co. S.A.E., Clariant AG, Dongfeng Motor Group Company Limited, Drake & Scull International PJSC, Dubai Investments, Egypt Kuwait Holding Co., Elsewedy Electric Co., Emperor Oil Ltd., Energy House Holding Company KSCC., Harbin Electric Company, Ltd, Independent Petroleum Group Co., Indian Oil Corporation Ltd, Kuwait Finance House K.S.C., Managem S.A., Muhibbah Engineering (Malaysia) Bhd, Oil & Natural Gas Corporation Ltd, Oil India Ltd, Orca Gold Inc., PetroChina Co. Ltd, Petrofac Ltd, Power Construction Corporation of China, Ltd, Qalaa Holdings, Regency Mines Plc, SapuraKencana Petroleum Bhd, Schneider Electric SA, SCOMI Group Bhd, Shanghai Electric Group Company Ltd, Statesman Resources Ltd, Stroytransgaz OAO and UB Engineering Ltd.

The Division will continue to periodically consult with the independent research firm to identify any additional companies cited for having ties that are in violation of the Act. Such companies will be added to the prohibited investment list, and the Division will divest any pension or annuity fund holdings in those companies accordingly.



Christopher McDonough
Director